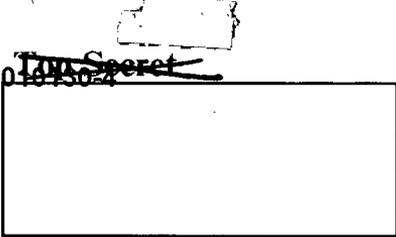


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ARAB STATES - ISRAEL: Treaty

Egyptians are reacting to the missed deadline for an Egyptian-Israeli treaty by emphasizing the difference between the US and Israel and trying to portray the US position as completely in accord with Egypt's. In Israel, there has been an outpouring of criticism of US negotiating tactics from all sides. Official reaction from other Middle East governments has been sparse, but the general mood among them is one of relief that they, at least temporarily, do not have to face a signed treaty.

In an interview given over the weekend, Egyptian President Sadat projected a calm and optimistic attitude but strongly implied that Egypt would stand firmly behind its demand for linkage between the two accords and on the priority of its treaty obligations. Egypt is prepared, he said, to wait for Israel to change its position. Government officials and the press in Egypt have generally tried to keep their commentary from further disrupting the negotiating atmosphere, but there have been direct criticisms of Israeli Prime Minister Begin reminiscent of previous Egyptian efforts to single out and undermine the Israeli leader.

The current impasse in negotiations serves Sadat's purposes in several ways. It dramatizes Egypt's efforts on behalf of a comprehensive settlement and highlights what Egypt hopes will be interpreted by the other Arabs as a closer alliance between Arab and US interests at the expense of Israel. We expect that the Egyptians will play up these themes and that Sadat will not push any new initiative until he sees some give in Israel's attitude.

In Israel, both coalition and opposition leaders have accused Washington of exerting unfair pressure on Tel Aviv and conspiring with Egypt. In this charged atmosphere, the cabinet's rejection of the latest peace proposals has undoubtedly boosted Begin's stock among Israeli hawks. By the same token, however, the public outcry against the US will make it harder for Begin and his cabinet colleagues to show further flexibility.

[redacted]

The prospect that it would have a tough fight in obtaining ratification of the treaty probably played a decisive part in the cabinet's rejection. Indeed, sentiment against any treaty that includes a provision for the west bank autonomy plan has been growing steadily in the opposition Labor Party, on which Begin has become dependent for support on peace treaty issues. [redacted]

Israeli leaders may believe that standing up to US pressure will improve their bargaining position and ease their problems in gaining ratification by the Knesset later. In any event, when Begin appears before the Knesset today, he is expected to demand that the US revert to its "true" mediator role and that Egypt modify its demands. Begin can count on strong bipartisan support for such a position. [redacted]

Saudi Arabia and other moderate Arab states are probably relieved to escape for now a development that they believe would have split the Arab world, isolated Egypt, and forced them to choose sides more clearly. In recognition of these concerns, the Saudis had been urging Sadat to delay talks. Suspension of the talks also temporarily relieves the Saudis from demands by Iraq, Syria, and others that they impose the sanctions against Egypt voted at the Baghdad Summit if it signs a treaty with Israel. [redacted]

Leaders of the Palestine Liberation Organization probably hope that the current impasse will mark the end of the Camp David accords, which the PLO leaders believe do not adequately provide for their future control of the occupied territories. Some influential Palestinians may also hope that the delay is the first step in Egypt's regaining its former influence in the Arab world--a development that would once again offer the PLO an alternative to its uncomfortably close relationship with Syria. [redacted]

Syria has not reacted publicly. It will presumably continue its standard propaganda line that Egyptian-Israeli differences over a peace agreement are artificially created by the US, Egypt, and Israel to mask a separate agreement. [redacted]